

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF JULY 31, 2005**

	July-05				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation Actual	Month Policy	Net ROR	Fiscal YTD Net ROR	FY05 Net ROR	Ended 6/30/2005 Net	Ended 6/30/2005 Net
LARGE CAP DOMESTIC EQUITY								
<i>Structured Growth</i>								
LA Capital	67,881,351	4.5%	4.5%	4.40%	4.40%	8.17%	N/A	N/A
Total Structured Growth	67,881,351	4.5%	4.5%	4.40%	4.40%	8.17%	10.41%	-8.94%
<i>Russell 1000 Growth</i>				4.89%	4.89%	1.67%	8.37%	-9.80%
<i>Structured Value</i>								
LSV	75,644,860	5.0%	4.5%	3.87%	3.87%	18.24%	9.61%	11.77%
Russell 1000 Value				2.89%	2.89%	14.06%	7.25%	3.12%
<i>Enhanced Russell 1000 Index</i>								
LA Capital	91,034,405	6.0%	6.0%	4.08%	4.08%	7.39%	7.65%	N/A
Russell 1000				3.89%	3.89%	7.92%	7.81%	N/A
<i>Enhanced S&P 500 Index</i>								
Northern Trust	89,880,919	5.9%	6.0%	3.82%	3.82%	6.02%	7.41%	N/A
Westridge	89,765,904	5.9%	6.0%	3.75%	3.75%	6.66%	7.57%	N/A
Total Enhanced S&P 500 Index	179,646,823	11.8%	12.0%	3.78%	3.78%	6.26%	8.01%	N/A
S&P 500				3.72%	3.72%	6.32%	7.39%	N/A
<i>S&P 500 Index</i>								
State Street	44,366,653	2.9%	3.0%	3.72%	3.72%	6.34%	7.40%	-2.83%
S&P 500				3.72%	3.72%	6.32%	7.39%	-2.86%
TOTAL LARGE CAP DOMESTIC EQUITY	458,574,092	30.2%	30.0%	3.94%	3.94%	8.65%	7.93%	-1.61%
S&P 500				3.72%	3.72%	6.32%	7.39%	-2.86%
SMALL CAP DOMESTIC EQUITY								
<i>Manager-of-Managers</i>								
SEI	166,181,676	11.0%	10.0%	6.81%	6.81%	9.36%	12.76%	N/A
Russell 2000 + 200bp				6.50%	6.50%	11.64%	13.28%	N/A
TOTAL SMALL CAP DOMESTIC EQUITY	166,181,676	11.0%	10.0%	6.81%	6.81%	9.36%	12.76%	5.14%
Russell 2000				6.34%	6.34%	9.45%	11.73%	5.10%
INTERNATIONAL EQUITY								
<i>Large Cap - Core</i>								
State Street	15,826,233	1.0%	1.0%	3.04%	3.04%	7.68%	5.74%	-3.05%
MSCI EAFE (1)				3.07%	3.07%	9.59%	5.12%	-4.04%
<i>Large Cap - Active</i>								
Capital Guardian	47,129,116	3.1%	3.0%	3.46%	3.46%	11.23%	4.79%	-4.41%
LSV	46,633,436	3.1%	3.0%	3.45%	3.45%	N/A	N/A	N/A
Bank of Ireland	15,515,036	1.0%	1.0%	3.29%	3.29%	12.20%	N/A	N/A
Total Large Cap - Active	109,277,588	7.2%	7.0%	3.43%	3.43%	13.74%	4.77%	-4.21%
MSCI EAFE - 50% Hedged				3.40%	3.40%	14.41%	5.24%	-3.97%
<i>Small Cap - Active</i>								
Lazard	16,008,758	1.1%	1.0%	4.14%	4.14%	19.82%	N/A	N/A
Wellington	15,799,070	1.0%	1.0%	3.53%	3.53%	12.00%	N/A	N/A
Total Small Cap - Active	31,807,828	2.1%	2.0%	3.83%	3.83%	15.90%	N/A	N/A
Citigroup Broad Market Index < \$2BN				3.90%	3.90%	21.33%	N/A	N/A
TOTAL INTERNATIONAL EQUITY	156,911,649	10.3%	10.0%	3.47%	3.47%	13.12%	7.05%	-2.27%
MSCI EAFE - 50% Hedged				3.40%	3.40%	14.41%	5.24%	-3.97%
EMERGING MARKETS EQUITY								
Capital Guardian	60,273,464	4.0%	3.6%	7.06%	7.06%	33.94%	13.63%	-0.44%
UBS	20,579,673	1.4%	1.4%	N/A	N/A	N/A	N/A	N/A
TOTAL EMERGING MARKETS EQUITY	80,853,137	5.3%	5.0%	7.06%	7.06%	33.94%	13.63%	-0.44%
MSCI Emerging Markets Free				7.08%	7.08%	34.89%	15.20%	2.78%
DOMESTIC FIXED INCOME								
<i>Core Bond</i>								
Western Asset	37,289,704	2.5%	3.0%	-0.58%	-0.58%	7.25%	4.78%	7.27%
Lehman Aggregate				-0.91%	-0.91%	6.80%	3.15%	5.80%
<i>Index</i>								
Bank of ND	66,625,466	4.4%	4.7%	-1.22%	-1.22%	7.23%	3.25%	6.01%
Bank of ND Match Loan CD Program	19,817,738	1.3%	1.3%	0.42%	0.42%	5.08%	3.75%	4.58%
Total Index	86,443,205	5.7%	6.0%	-0.81%	-0.81%	6.91%	3.27%	5.81%
Lehman Gov/Credit				-1.13%	-1.13%	7.26%	3.56%	5.96%
<i>Convertibles</i>								
TCW	29,681,903	2.0%	2.1%	2.77%	2.77%	-0.23%	9.81%	-2.05%
Merrill Lynch All Convertibles				3.19%	3.19%	0.66%	10.85%	1.00%

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		Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2005	6/30/2005
							Net	Net
BBB Average Quality								
Wells Capital (formerly Strong)	42,742,683	2.8%	3.0%	-0.50%	-0.50%	12.04%	4.99%	6.25%
Lehman BBB				-0.74%	-0.74%	8.60%	5.94%	5.93%
Private Debt								
Prudential	3,355,451	0.2%	0.2%	-0.86%	-0.86%	N/A	N/A	N/A
Timberland								
RMK	41,991,535	2.8%	2.8%	-0.08%	-0.08%	14.50%	7.48%	N/A
TIR	105,559,304	7.0%	7.0%	-0.03%	-0.03%	N/A	N/A	N/A
Total Timberland	147,550,839	9.7%	9.7%	-0.04%	-0.04%	44.29%	3.35%	2.00%
TOTAL DOMESTIC FIXED INCOME	347,063,785	22.9%	24.0%	-0.15%	-0.15%	19.23%	5.41%	5.12%
Lehman Aggregate				-0.91%	-0.91%	6.80%	3.15%	5.80%
HIGH YIELD BONDS								
Loomis Sayles	38,128,142	2.5%	2.5%	1.66%	1.66%	15.96%	N/A	N/A
Lehman High Yield Cash Pay Index				1.58%	1.58%	10.83%	N/A	N/A
Sutter/Wells Capital	37,546,119	2.5%	2.5%	1.82%	1.82%	9.62%	N/A	N/A
Merrill Lynch High Yield Master II Index				1.58%	1.58%	10.63%	N/A	N/A
TOTAL HIGH YIELD BONDS	75,674,261	5.0%	5.0%	1.74%	1.74%	12.76%	9.56%	3.37%
Lehman High Yield Bond Index				1.58%	1.58%	10.86%	11.22%	5.61%
INTERNATIONAL FIXED INCOME								
International Sovereign								
UBS Global (Brinson)	33,576,189	2.2%	2.5%	-0.66%	-0.66%	7.92%	8.19%	6.46%
Citigroup Non-US Gov't Bond Index (2)				-0.98%	-0.98%	7.75%	7.90%	6.12%
International Core								
Brandywine	36,055,224	2.4%	2.5%	-0.55%	-0.55%	11.78%	N/A	N/A
Lehman Global Aggregate (ex-US)				-0.73%	-0.73%	8.10%	N/A	N/A
TOTAL INTERNATIONAL FIXED INCOME	69,631,414	4.6%	5.0%	-0.60%	-0.60%	9.84%	8.41%	6.59%
Citigroup Non-US Gov't Bond Index (2)				-0.98%	-0.98%	7.75%	7.90%	6.12%
REAL ESTATE								
INVESCO	38,096,777			0.00%	0.00%	22.20%	4.89%	6.10%
J.P. Morgan	38,364,735			0.99%	0.99%	19.52%	6.55%	6.79%
TOTAL REAL ESTATE	76,461,513	5.0%	5.0%	0.49%	0.49%	20.77%	5.71%	6.44%
NCREIF TOTAL INDEX				1.75%	1.75%	18.02%	6.67%	7.57%
ALTERNATIVE INVESTMENTS								
Brinson IVCF II	90,179			0.00%	0.00%	0.89%	3.39%	-11.85%
Coral Partners II	123,908			0.00%	0.00%	1.13%	8.06%	-21.69%
Coral Partners V	4,434,840			0.00%	0.00%	-18.97%	-18.86%	-19.31%
Coral Partners V - Supplemental	541,986			0.00%	0.00%	-6.85%	-2.23%	N/A
Coral Partners VI	4,194,016			0.00%	0.00%	-1.17%	N/A	N/A
Brinson 1998 Partnership Fund	1,464,528			0.00%	0.00%	19.64%	-2.29%	-5.29%
Brinson 1999 Partnership Fund	2,435,781			0.00%	0.00%	9.31%	-1.36%	-6.39%
Brinson 2000 Partnership Fund	5,035,846			0.00%	0.00%	14.97%	-1.48%	-3.53%
Brinson 2001 Partnership Fund	3,049,569			0.00%	0.00%	4.00%	0.09%	N/A
Brinson 2002 Partnership Fund	1,692,076			0.00%	0.00%	-4.22%	7.67%	N/A
Brinson 2003 Partnership Fund	366,268			0.00%	0.00%	1.71%	N/A	N/A
Brinson 1999 Non-US Partnership Fund	1,397,045			0.00%	0.00%	32.09%	11.06%	5.27%
Brinson 2000 Non-US Partnership Fund	1,658,533			0.00%	0.00%	15.57%	8.11%	1.89%
Brinson 2001 Non-US Partnership Fund	1,383,998			0.00%	0.00%	9.19%	5.12%	N/A
Brinson 2002 Non-US Partnership Fund	2,600,843			0.00%	0.00%	12.60%	7.72%	N/A
Brinson 2003 Non-US Partnership Fund	931,218			0.00%	0.00%	2.52%	N/A	N/A
Brinson 2004 Non-US Partnership Fund	298,375			0.00%	0.00%	0.42%	N/A	N/A
Brinson BVCF IV	7,508,226			0.00%	0.00%	6.06%	1.13%	-8.29%
Matlin Patterson Global Opportunities	8,333,915			0.00%	0.00%	102.75%	N/A	N/A
Matlin Patterson Global Opportunities II	4,027,923			0.00%	0.00%	N/A	N/A	N/A
InvestAmerica	1,292,229			0.00%	0.00%	-18.88%	-6.88%	N/A
Hearthstone MSII	0			0.00%	0.00%	1214.92%	18.39%	13.51%
Hearthstone MSIII	7,632,608			0.00%	0.00%	16.51%	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (3)	60,493,908	4.0%	5.0%	0.00%	0.00%	17.24%	3.02%	-4.45%
CASH EQUIVALENTS								
Northern Trust STIF/STEP	24,799,750	1.6%	1.0%	1.56%	1.56%	2.19%	1.61%	2.59%
90 Day T-Bill				0.23%	0.23%	2.15%	0.91%	2.23%
TOTAL FUND	1,516,645,184	100.0%	100.0%	2.31%	2.31%	14.07%	11.96%	4.66%
POLICY TARGET BENCHMARK				2.34%	2.34%	10.46%	9.88%	3.83%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(3) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual c